



Agenda Item 3

Early Stage Investment Fund Opportunities



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION
INFORMATION OR DISCUSSION

TOPIC: Early Stage Investment Fund Opportunities (information item)

COMMITTEE: Economic Development and Technology Commercialization

DATE OF COMMITTEE MEETING: November 19, 2015

SUMMARY: The Committee will be briefed on opportunities to create an early stage investment fund. UM Ventures seeks to create a \$25 million to \$50 million venture fund focused on investing in USM-affiliated companies, such as companies based on USM-owned intellectual property, companies founded by USM students or recent graduates, and companies located in USM research parks. As part of its strategy, UM Ventures is also working with local VC firms that are interested in creating university-focused early stage investment funds.

ALTERNATIVE(S): This item is for information purposes.

FISCAL IMPACT: This item is for information purposes.

CHANCELLOR'S RECOMMENDATION: This item is for information purposes.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-2783

Early Stage Investment Fund Opportunities

In FY14, the USM Board of Regents approved the Policy on Investments and Loans to Maryland-based Businesses That License University Intellectual Property (Policy No: VIII – 14.00). This enabled UM Ventures to make modest investments and loans totaling \$400,000 in five start-ups in FY15. This funding has already helped to attract an additional \$5 million into these start-ups.

UM Ventures ultimately seeks to create a \$25 million to \$50 million venture fund focused on investing in USM affiliated companies, such as companies based on USM-owned intellectual property, companies founded by USM students or recent graduates, and companies located in USM research parks. An interim step could be for USM to invest \$20 million in approximately four Venture Capital Funds – approximately a \$5 million investment in each fund. It is likely that each of these VC funds would be between \$50 million and \$100 million in total size, with a strategy of making initial investments of \$500,000 to \$1,000,000 and the capacity to make follow-on investments. These funds would be selected based on their track record of:

- Generating strong financial returns.
- Investing in early stage companies.
- Investing in technologies that match USM strengths.
- Building successful companies by recruiting strong Boards of Directors and executives, giving direction, and making connections.

The VC Funds would have full discretion over individual investments. However, the VC Funds would be required to invest at least as much money into USM affiliated companies as they receive in USM investments.

UM Ventures is also working with local VC firms that are interested in creating university-focused early stage investment funds.